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AMENDED IN ASSEMBLY MAY 20, 2013

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AMENDED IN ASSEMBLY APRIL 24, 2013

AMENDED IN ASSEMBLY APRIL 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1080

Introduced by Assembly Member Alejo

**(Principal coauthors: Assembly Members *Atkins*, Mullin and
V. Manuel Pérez)**

**(Coauthors: Assembly Members Brown, *Dickinson*, Ian Calderon,
Chau, Perea, Stone, *Ting*, and Williams)**

February 22, 2013

An act to add Part 1.87 (commencing with Section 34191.50) to Division 24 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1080, as amended, Alejo. Community Revitalization and Investment Authorities.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain public entities of a community revitalization and investment area, as described, to form a community revitalization plan within a community revitalization and investment authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a community revitalization plan for a community revitalization and investment area and authorize the authority to include in that plan a provision for the receipt of tax increment funds.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) Certain areas of the state are generally
- 2 characterized by buildings in which it is unsafe or unhealthy for
- 3 persons to live or work, conditions that make the viable use of
- 4 buildings or lots difficult, high business vacancies and lack of
- 5 employment opportunities, and inadequate public improvements,
- 6 water, or sewer utilities. It is the intent of the Legislature to create
- 7 a planning and financing tool to support the revitalization of these
- 8 communities.
- 9 (b) It is in the interest of the state to support the economic
- 10 revitalization of these communities through tax increment
- 11 financing.
- 12 (c) It is the intent of the Legislature to authorize the creation of
- 13 Community Revitalization and Investment Authorities to invest
- 14 tax increment revenue to relieve conditions of unemployment,
- 15 reduce high crime rates, repair deteriorated or inadequate
- 16 infrastructure, promote affordable housing, and improve conditions
- 17 leading to increased employment opportunities.
- 18 SEC. 2. Part 1.87 (commencing with Section 34191.50) is
- 19 added to Division 24 of the Health and Safety Code, to read:

PART 1.87. COMMUNITY REVITALIZATION AND
INVESTMENT AUTHORITIES

34191.50. As used in this part, the following terms have the following meanings:

(a) “Authority” means the Community Revitalization and Investment Authority created pursuant to this part.

(b) “Plan” means a community revitalization plan.

34191.51. (a) A community revitalization and investment authority is a public body, corporate and politic, with jurisdiction to carry out a community revitalization plan within a community revitalization and investment area. The authority shall be deemed to be an “agency” as defined in Section 33003 for purposes of receiving tax increment revenues pursuant to Article XVI of Section 16 of the California Constitution. The authority shall have only those powers and duties specifically set forth in Section 34191.53.

(b) (1) An authority may be created in one of the following ways:

(A) A city, county, or city and county may adopt a resolution creating an authority. The composition of the governing board shall be comprised as set forth in subdivision (c).

(B) A city, county, city and county, and special district, as special district is defined in subdivision (m) of Section 95 of the Revenue and Taxation Code, or any combination thereof, may create an authority by entering into a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(2) A school entity, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, may not participate in an authority created pursuant to this part.

(3) *A city or county that created a redevelopment agency that was dissolved pursuant to Part 1.85 (commencing with Section 34170) of Division 24 shall not form an authority under this section unless the successor agency or designated local authority for the former redevelopment agency has received a finding of completion from the Department of Finance pursuant to Section 34179.7.*

(c) (1) The governing board of an authority created pursuant to subparagraph (A) of paragraph (1) of subdivision (b) shall be appointed by the legislative body of the city, county, or city and

1 county that created the authority and shall include three members
2 of the legislative body of the city, county, or city and county that
3 created the authority and two public members. The appointment
4 of the two public members shall be subject to the provisions of
5 Section 54974 of the Government Code. The two public members
6 shall live or work within the community revitalization and
7 investment area.

8 (2) The governing body of the authority created pursuant to
9 subparagraph (B) of paragraph ~~(2)~~ (1) of subdivision (b) shall be
10 comprised of a majority of members from the legislative bodies
11 of the public agencies that created the authority and a minimum
12 of two public members who live or work within the community
13 revitalization and investment area. The majority of the board shall
14 appoint the public members to the governing body. The
15 appointment of the public members shall be subject to the
16 provisions of Section 54974 of the Government Code.

17 (d) An authority may carry out a community revitalization plan
18 within a community revitalization and investment area. Not less
19 than 80 percent of the land calculated by census tracts within the
20 area shall be characterized by both of the following conditions:

21 (1) An annual median household income that is less than 80
22 percent of the statewide annual median income.

23 (2) Three of the following four conditions:

24 (A) Unemployment that is at least 3 percent higher than
25 statewide median unemployment, *as defined by the report on labor*
26 *market information published by the Employment Development*
27 *Department in January of the year in which the community*
28 *revitalization plan is prepared.*

29 (B) Crime rates that are 5 percent higher than the statewide
30 median crime rate, *as defined by the most recent annual report of*
31 *the Criminal Justice Statistics Center within the Department of*
32 *Justice.*

33 (C) Deteriorated or inadequate infrastructure such as streets,
34 sidewalks, water supply, sewer treatment or processing, and parks.

35 (D) Deteriorated commercial or residential structures.

36 (e) ~~An~~ *As an alternative to subdivision (d), an* authority may
37 also carry out a community revitalization plan within a community
38 revitalization and investment area established within a former
39 military base that is principally characterized by deteriorated or
40 inadequate infrastructure and structures. Notwithstanding

1 subdivision (c), the governing board of an authority established
2 within a former military base shall include a member of the military
3 base closure commission as a public member.

4 (f) The conditions described in subdivisions (d) and (e) shall
5 constitute blight within the meaning of the Community
6 Redevelopment Law. The authority shall not be required to make
7 a finding of blight or conduct a survey of blight within the area.

8 (g) An authority created pursuant to this part shall be a local
9 public agency subject to the Ralph M. Brown Act (Chapter 9
10 (commencing with Section 54950) of Part 1 of Division 2 of Title
11 5 of the Government Code), the California Public Records Act
12 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
13 Title 1 of the Government Code), and the Political Reform Act of
14 1974 (Title 9 (commencing with Section 81000) of the Government
15 Code).

16 34191.53. An authority may do all of the following:

17 (a) Provide funding to rehabilitate, repair, upgrade, or construct
18 infrastructure.

19 (b) Provide funding for low- and moderate-income housing.

20 (c) Remedy or remove a release of hazardous substances
21 pursuant to the Polanco Redevelopment Act (Sections 33459 to
22 33459.8, inclusive).

23 (d) Provide for seismic retrofits of existing buildings pursuant
24 to Section 33420.1.

25 (e) Acquire and transfer real property in accordance with
26 paragraph (4) of subdivision (a) of Section 33333.2, Article 7
27 (commencing with Section 33390) of Part 1 of Division 24, and
28 Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5,
29 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6,
30 and 33445.

31 The authority shall retain controls and establish restrictions or
32 covenants running with the land sold or leased for private use for
33 such periods of time and under such conditions as are provided in
34 the plan. The establishment of such controls is a public purpose
35 under the provisions of this part.

36 (f) Issue bonds pursuant to Article 5 (commencing with Section
37 33640) of Chapter 6 of Part 1 of Division 24.

38 (g) An authority may borrow money, receive grants, or accept
39 financial or other assistance or investment from the state or the
40 federal government or any other public agency or private lending

1 institution for any project or within its area of operation, and may
2 comply with any conditions of the loan or grant. An authority may
3 qualify for funding as a disadvantaged community as determined
4 by the California Environmental Protection Agency pursuant to
5 Section 79505.5 of the Water Code or as defined by Section
6 56033.5 of the Government Code. An authority may also enter
7 into an agreement with a qualified community development entity,
8 as defined by Section 45D(c) of the Internal Revenue Code, to
9 coordinate investments of funds derived from the New Markets
10 Tax Credit with those of the authority in instances where
11 coordination offers opportunities for greater efficiency of
12 investments to improve conditions described in subdivisions (d)
13 and (e) within the territorial jurisdiction of the authority.

14 (h) At any time after the authority is authorized to transact
15 business and exercise its powers, the legislative body or bodies of
16 the local government that created the authority may appropriate
17 the amounts the legislative body or bodies deem necessary for the
18 administrative expenses and overhead of the authority.

19 The money appropriated may be paid to the authority as a grant
20 to defray the expenses and overhead, or as a loan to be repaid upon
21 such terms and conditions as the legislative body may provide. If
22 appropriated as a loan, the property owners within the plan area
23 shall be made third-party beneficiaries of the repayment of the
24 loan. In addition to the common understanding and usual
25 interpretation of the term, “administrative expense” includes, but
26 is not limited to, expenses of planning and dissemination of
27 information.

28 (i) Adopt a community revitalization and investment plan
29 pursuant to Section 34191.55.

30 (j) Make loans or grants for owners or tenants to improve,
31 rehabilitate, or retrofit buildings or structures within the plan area.

32 (k) Except as specified in Section 33426.5, provide direct
33 assistance to businesses within the plan area in connection with
34 new or existing facilities for industrial or manufacturing uses.

35 34191.55. An authority shall adopt a community revitalization
36 and investment plan that may include a provision for the receipt
37 of tax increment funds generated within the area according to
38 Section 33670 provided the plan includes each of the following
39 elements:

40 (a) A statement of the principal goals and objectives of the plan.

1 (b) A description of the deteriorated or inadequate infrastructure
2 within the area and a program for construction of adequate
3 infrastructure or repair or upgrading of existing infrastructure.

4 (c) A program that complies with Sections 33334.2 and all
5 applicable provisions of the Community Redevelopment Law (Part
6 1 (commencing with Section 33300) of Division 24). An authority
7 that includes a provision for the receipt of tax increment revenues
8 pursuant to Section 33670 in its Community Revitalization and
9 Investment Plan shall dedicate at least 25 percent of allocated tax
10 increment revenues for affordable housing purposes. If the authority
11 makes a finding that combining funding received under this
12 program with other funding for the same purpose shall reduce
13 administrative costs or expedite the construction of affordable
14 housing, then an authority may transfer funding from the program
15 to the housing authority within the territorial jurisdiction of the
16 local jurisdiction that created the authority or to the entity that
17 received the housing assets of the former redevelopment agency
18 pursuant to Section 34176. Funding shall be spent within the
19 project area in which the funds were generated. Any recipient of
20 funds transferred pursuant to this subdivision shall comply with
21 all applicable provisions of the Community Redevelopment Law.

22 (d) A program to remedy or remove a release of hazardous
23 substances, if applicable.

24 (e) A program to provide funding for or otherwise facilitate the
25 economic revitalization of the area.

26 (f) A fiscal analysis setting forth the projected receipt of revenue
27 and projected expenses over a five-year planning horizon.

28 (g) The time limits imposed by Section 33333.2.

29 34191.57. (a) The authority shall consider adoption of the plan
30 at two public hearings that shall take place at least 30 days apart.
31 At the first public hearing, the authority shall hear all written and
32 oral comments but take no action. At the second public hearing,
33 the authority shall consider all written and oral comments and take
34 action to modify, adopt, or reject the plan.

35 (b) The draft plan shall be made available to the public and to
36 each property owner within the area at a meeting held at least 30
37 days prior to the notice given for the first public hearing. The
38 purposes of the meeting shall be to allow the staff of the authority
39 to present the draft plan, answer questions about the plan, and
40 consider comments about the plan.

1 (c) (1) Notice of the first public hearing shall be given by
2 publication not less than once a week for four successive weeks
3 in a newspaper of general circulation published in the county in
4 which the area lies and shall be mailed to each property owner
5 within the proposed area of the plan. Notice of the second public
6 hearing shall be given by publication not less than 10 days prior
7 to the date of the second public hearing in a newspaper of general
8 circulation published in the county in which the area lies and shall
9 be mailed to each property owner within the proposed area of the
10 plan. The notice shall do all of the following:

11 (A) Describe specifically the boundaries of the proposed area.

12 (B) Describe the purpose of the plan.

13 (C) State the day, hour, and place when and where any and all
14 persons having any comments on the proposed plan may appear
15 to provide written or oral comments to the authority.

16 (D) Notice of second public hearing shall include a summary
17 of the changes made to the plan as a result of the oral and written
18 testimony received at or before the public hearing and shall identify
19 a location accessible to the public where the plan to be presented
20 at the second public hearing can be reviewed.

21 (2) The authority may provide notice of the public hearings to
22 tenants of properties within the proposed area of the plan in a
23 manner of its choosing.

24 (d) At the hour set in the notice required by subdivision (a), the
25 authority shall consider all written and oral comments.

26 (e) The authority may adopt the plan at the conclusion of the
27 second public hearing by ordinance. The ordinance adopting the
28 plan shall be subject to referendum as prescribed by law for the
29 ordinances of the local jurisdiction that created the authority.

30 (f) The redevelopment plan referred to in Section 33670 shall
31 be the plan adopted pursuant to this section.

32 (g) *The authority shall consider and adopt an amendment or*
33 *amendments to a plan in accordance with the provisions of this*
34 *section.*

35 34191.59. (a) The plan adopted pursuant to Section 34191.57
36 may include a provision for the receipt of tax increment funds
37 according to Section 33670 in accordance with this section.

38 (b) The plan shall limit the taxes that are allocated to the
39 authority to those defined in Section 33670 collected for the benefit

1 of the taxing agencies that have adopted a resolution pursuant to
2 subdivision (d).

3 (c) The provision for the receipt of tax increment funds shall
4 become effective in the tax year that begins after the December 1
5 first following the adoption of the plan.

6 (d) At any time prior to or after adoption of the plan, any city,
7 county, or special district, other than a school entity as defined in
8 subdivision (n) of Section 95 of the Revenue and Taxation Code,
9 that receives ad valorem property taxes from property located
10 within an area may adopt a resolution directing the county
11 auditor-controller to allocate its share of tax increment funds within
12 the area covered by the plan according to Section 33670 to the
13 authority. The resolution adopted pursuant to this subdivision may
14 direct the county auditor-controller to allocate less than the full
15 amount of the tax increment, establish a maximum amount of time
16 in years that the allocation takes place, or limit the use of the funds
17 by the authority for specific purposes or programs. A resolution
18 adopted pursuant to this subdivision may be repealed and be of no
19 further effect by giving the county auditor-controller 60 days'
20 notice; provided, however, that the county auditor-controller shall
21 continue to allocate to the authority the taxing entity's share of ad
22 valorem property taxes that have been pledged to the repayment
23 of debt issued by the authority until the debt has been fully repaid.

24 (e) Upon adoption of a plan that includes a provision for the
25 receipt of tax increment funds according to Section 33670, the
26 county auditor-controller shall allocate tax increment revenue to
27 the authority as follows:

28 (1) If the authority was formed pursuant to subparagraph (A)
29 of paragraph (1) of subdivision (b) of Section 34191.51, the
30 authority shall be allocated each year specified in the plan that
31 portion of the taxes levied for each city, county, city and county,
32 and special district that has adopted a resolution pursuant to
33 subdivision (d), in excess of the amount specified in subdivision
34 (a) of Section 33670.

35 (2) If the authority was formed pursuant to subparagraph (B)
36 of paragraph (1) of subdivision (b) of Section 34191.51, the
37 authority shall be allocated each year specified in the plan that
38 portion of the taxes levied for each jurisdiction as provided in the
39 joint powers agreement in excess of the amount specified in
40 subdivision (a) of Section 33670.

(f) If an area includes, in whole or in part, land formerly or currently designated as a part of a redevelopment project area, as defined in Section 33320.1, any plan adopted pursuant to this part that includes a provision for the receipt of tax increment revenues according to Section 33670 shall include a provision that tax increment amounts collected and received by an authority are subject and subordinate to any preexisting enforceable obligation as that term is defined by Section 34171.

34191.61. (a) The authority shall review the plan at least annually and make any ~~modifications~~ *amendments* that are necessary and appropriate in accordance with the ~~provisions of this section~~ *procedures set forth in Section 34191.57*, and shall require the preparation of an annual independent financial audit paid for from revenues of the authority.

(b) ~~After holding a public hearing, an~~ *An* authority shall adopt ~~a an~~ *an* annual report on or before June 30 of each year ~~after holding a public hearing~~. Written copies of the draft report shall be made available to the public 30 days prior to the public hearing. The ~~clerk of the legislative body shall post the draft report~~ *authority shall cause the draft report to be posted* in an easily identifiable and accessible location on the authority's Internet Web site and shall mail a written notice of the availability of the draft report on the Web site to each owner of land within the area covered by the plan and to each taxing entity that has adopted a resolution pursuant to subdivision (d) of Section 34191.59.

(c) The annual report shall contain all of the following:

(1) A description of the projects undertaken in the fiscal year and a comparison of the progress expected to be made on those projects compared to the actual progress.

(2) A chart comparing the actual revenues and expenses, including administrative costs, of the authority to the budgeted revenues and expenses

(3) The amount of tax increment revenues received.

(4) The amount of revenues received for low- and moderate-income housing

(5) The amount of revenues expended for low- and moderate-income housing.

(6) An assessment of the status regarding completion of the authority's projects.

1 (7) The amount of revenues expended to assist private
2 businesses.

3 (d) If the authority fails to provide the annual report required
4 by subdivision (a), the authority shall not spend any funds received
5 pursuant to a resolution adopted pursuant to subdivision (d) of
6 Section 34191.59.

7 (e) Every 10 years, at the public hearing held pursuant to
8 subdivision~~(a)~~ (b), the authority shall conduct a protest proceeding
9 to consider whether the property owners within the plan area wish
10 to present oral or written protests against the authority. Notice of
11 this protest proceeding shall be included in the written notice of
12 the hearing on the annual report and shall inform the property
13 owner of his or her right to submit an oral or written protest before
14 the close of the public hearing. The protest may state that the
15 property owner objects to the authority taking action to implement
16 the plan on and after the ~~effective~~ date of the election described
17 in subdivision (f). The authority shall consider all written and oral
18 protests received prior to the close of the public hearing.

19 (f) If there is a majority protest, the authority shall call an
20 election of the property owners in the area covered by the plan,
21 and shall not initiate or authorize any new projects until the election
22 is held. A majority protest exists if protests have been filed
23 representing over 50 percent of the assessed value in the area.

24 (g) An election required pursuant to subdivision (f) shall be held
25 within 90 days of the public hearing and may be held by mail-in
26 ballot.

27 (h) If a majority of the property owners, weighted proportional
28 to the assessed value of their property, vote against the authority,
29 then the authority shall not take any further action to implement
30 the plan on and after the ~~effective~~ date of the election held pursuant
31 to subdivision (e). This section shall not prevent the authority from
32 taking any and all actions and appropriating and expending funds,
33 including, but not limited to, any and all payments on bonded or
34 contractual indebtedness, to carry out and complete projects for
35 which expenditures of any kind had been made prior to the ~~effective~~
36 date of the election.